UNITED
NATIONS

TD

United Nations Conference
on Trade and Development

Distr.
GENERAL

TD/B/1267
7 August 1990

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Thirty-seventh session
First part
Geneva, 1 October 1990
Item 8 (a) of the provisional agenda

OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT:

(a) UNCTAD's CONTRIBUTION, WITHIN ITS MANDATE, TO SUSTAINABLE DEVELOPMENT (BOARD DECISION 370(XXXV))

Sustainable development and UNCTAD activities

Report by the UNCTAD secretariat

I. INTRODUCTION AND SUMMARY

1. In 1987, the World Commission on Environment and Development (WCED) presented to the United Nations General Assembly a report which gave a new name to a focus of public policy - "sustainable development" - and defined it thus:

> Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:
>
> - The concept of "needs", in particular the essential needs of the world's poor, to which overriding priority should be given; and
>
> - The idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs. 1/

2. The General Assembly, in the resolution it adopted without a vote on the report of the WCED, described the need to make the transition towards sustainable development as "imperative". 2/ The Governing Council of the United Nations Environment Programme (UNEP), during its fifteenth session (May 1989), qualified and expanded the definition of sustainable development in the following statement, adopted by consensus: 3/

Statement by the Governing Council on Sustainable Development

> Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs and does not imply in any way encroachment upon national sovereignty. The Government Council considers that the achievement of sustainable development involves co-operation within and across national boundaries. It implies progress towards national and international equity, including assistance to developing countries in accordance with their national development plans, priorities and objectives. It implies, further, the existence of a supportive international economic environment that would result in sustained economic growth and development in all countries, particularly in developing countries, which is of major importance for sound management of the environment. It also implies the maintenance, rational use and enhancement of the natural resource base that underpins ecological resilience and economic growth. Sustainable development further implies incorporation of environmental concerns and considerations in development planning and policies, and does not represent a new form of conditionality in aid or development financing.

3. Sustainable development is more than just a new slogan: it is a more complete way of perceiving and managing the entire economic process. It concerns not only the development of developing countries, but also all economic activity in all countries and the workings of the world economy as a whole.

4. Sustainable development directs economic activity towards the satisfaction of present economic and social needs, without thereby jeopardizing the bases for future need satisfaction. The emphasis on needs places equity at the centre of the concept of sustainable development. The concern to keep options open for future generations implies not only the survival and continuity of society but also the wise stewardship of the resource base for future economic activity. One aspect of this stewardship is the conservation and management of environmental assets traditionally regarded as free goods. Concern for the future also requires a continuing assessment of the balance between present and future needs and options and for consequent decisions which, while relying on the best available information, will necessarily be based on a degree of uncertainty.

5. Sustainable development obliges the discipline of economics to confront problems which have traditionally been relegated to footnotes in economic textbooks. It presses on weak points of economic theory, shaking hitherto comfortable certainties. By revealing that the solutions to some essential economic problems are indeterminate in formal theory, it shows that they can only be resolved by negotiation. It thus provides a new impetus for negotiated solutions to problems of the interdependent world economy.

6. One important political consequence of sustainable development is the need for solidarity between rich and poor, within and among nations. Sustainable development requires economic growth in places where essential needs are not being met. With respect to time, it gives priority to the urgent present needs of the poor. In dealing with localized environmental degradation - or "pollution" - of which the immediate cause is poverty, it seeks to do away with the poverty, not just the pollution.

7. In short, sustainable development gives a new edge to the concept of interdependence, whether this concept is applied to policy areas, economic actors or countries. It rests on the relationship between economy and ecology. It makes explicit the interdependence of different sections of the community, in particular the relations between strong and weak, between "polluters" and "polluted". It emphasizes the responsibility which the present generation bears for future generations. Above all, in the UNCTAD context, it casts a new light on the interdependence of developed and developing countries and on the scope for mutually-beneficial negotiation among them. The welfare of the world as a whole is threatened by unsustainable economic activities which are largely, though not entirely, concentrated in developed countries. Conversely, developing countries possess resources indispensable to the sustainability of the world economy.

8. The Trade and Development Board, at its thirty-fifth session (decision 370(XXXV)), requested:

> The Secretary-General of UNCTAD to make an analysis for the first part of the thirty-seventh session of the Trade and Development Board, on the interface between sustainable development and the main lines of UNCTAD activities within its mandate.

9. In the light of this analysis, the Board is to consider follow-up action to relevant General Assembly and Economic and Social Council resolutions. 4/

10. This report presents the analysis requested. It focuses on those aspects of the sustainable development concept which are not already (like equity and solidarity) central to UNCTAD's objectives and work. This focus explains the predominance of the environmental dimension in the analysis. Moreover, while sustainable development in a broad sense touches upon all UNCTAD activities, this analysis concentrates on the interface with four main areas of work: commodities, trade policy, technology, and development finance (section III). It does so in the context of some general considerations of what might be called "the economics of sustainability" (section II). The intent of the analysis is to provide a substantive basis for an open discussion in the Board, leading in turn to decisions by the Board on future work by intergovernmental bodies and by the UNCTAD secretariat.

11. With respect to commodities, the report indicates the need for new research to support negotiations and policy decisions concerning resources which are or, if appropriately managed, can be renewable. The respective roles of economic incentives and regulatory measures need to be better recognized. The issues raised concern not only the resources with which UNCTAD has been traditionally involved, but many others which can be of great importance to the trade and development of developing countries if seen as a whole, even though they may be small if taken singly. This report argues that concern for sustainable development is raising new questions about the pricing

READEX FICHE

and rate of exploitation of non-renewable resources. It points out the implications for development countries of subjects like biodiversity or the climate, which have only recently been recognized as resources.

12. With respect to trade policy the report points out the need for a better understanding of the role environmental considerations may be playing in the redeployment of industry or other economic activities. It also raises the issue of environmental considerations as a source of trade distortion or an argument for trade restriction. Complex questions in this area call for permament monitoring, to which the UNCTAD Trade Control Measures Information System can make a useful contribution. More broadly, it refers to the argument according to which protectionism may aggravate the sum total of unsustainability in the world economy. This argument deserves to be properly studied in support of the search for a strong and equitable international trading system.

13. The relations between technology and sustainable development raise major issues for developing countries. New issues are being introduced into the longstanding debate on the access of developing countries to technology produced in and controlled by developed countries or their firms. To some extent, the concern in developed countries for sustainable development may make it even harder for developing countries to gain access to the technology they need to be competitive in the world economy. On the other hand, in some cases developed countries may actually be anxious to encourage developing countries to replace technologies which threaten the global environment by acquiring from them others which are "environment friendly". A further question is arising about how to enforce internationally the liability of technology suppliers for damage their technology may cause. Developing countries need to ensure that they have a fair role to play in the development of biotechnology, given in particular that they are major suppliers of its raw material.

14. Sustainable development concerns development finance in a number of ways. Firstly, it may be that the debt burden is driving some developing countries to generate foreign exchange in ways which may damage not only their own environment, but that of the globe. There is also a need to be alert to creditors using the debt burden as a lever for environmental conditionality in aid or to facilitate their access to genetic resources. On the other hand, there have been examples of positive linkage between debt reduction and environment conservation. Above all, concern for the global environment is prompting the study of several new funds or other mechanisms to transfer additional financial resources to developing countries in order to encourage a more sustainable global economy. Since these mechanisms are often being negotiated in separate forums, it is important to ensure that they all respect the same principles of economic equity, efficiency and additionality.

II. SUSTAINABLE DEVELOPMENT AND ECONOMICS

15. The concept of "sustainability" is not confined to the process of development of developing countries but applies to all economic activity everywhere, national and international. "Sustainable development" is to be understood as including sustainable economic growth. This is indeed the way it is seen in several developed countries, including countries in Eastern Europe. Many ECE Governments, for instance, in defining their national economic policies, are striving to transform the concept of sustainable development into reality. This involves an assessment of the full costs and benefits of economic activities, including environmental externalities, to obtain a more efficient allocation of resources as well as an improved quality of life. On a practical level, it is increasingly felt that the implementation of sustainable development principles will have far-reaching macro- and micro-economic implications, including development of new economic incentives, changes in taxation systems and even a reassessment of consumption patterns and life-styles which have hitherto been considered as sensible and attainable. 5/ At the regional conference on the follow-up to the report of the World Commission on Environment and Development in the ECE region (Bergen, 8-16 May 1990), a Ministerial Declaration on Sustainable Development in the ECE Region was adopted. It affirms the commitment of the Governments concerned to achieving sustainable development along these lines.

16. Broadly speaking, economic efficiency and welfare are maximized when the social opportunity cost of output and the social welfare derived from consuming that output are equal. In a wide variety of circmstances, the operation of markets in a free-market economy can be expected to produce a reasonable approximation to this outcome, subject to whatever arrangements are in place to influence income distribution. However, the analysis of environmental issues has brought to the fore important instances in which markets, left to themselves, will not maximize economic efficiency and welfare. This will occur whenever the full social cost of production is not borne by the producer, or the full social benefits of consumption realized by the purchaser of the output. It is also increasingly acknowledged that in a broad range of circumstances the best way of dealing with such shortcomings may not be by controlling outputs or inputs through regulation, but rather by using regulation to oblige individual producers and consumers to take full account of social costs and benefits, and, on the basis of this accounting, to allow markets to function.

17. The aim of the price system is not only to bring about an efficient allocation of given resources at a given time; it can also encourage technical progress by signalling areas where the development of new ways of doing things would be profitable. Where innovation is concerned, the price system has the great advantage of pointing in a general direction without laying down a detailed itinerary.

18. Generally speaking, the implementation of sustainable development will require, together with appropriate regulatory standards (particularly in the form of environmental quality standards), powerful economic incentives to conserve natural resources and develop new environment-friendly technologies. 6/ In other cases, pragmatic considerations may give preference to regulatory measures as a means of handling market failures which sustainable development reveals. In any event, in a context characterized by an increasing internationalization of both domestic economies and ecological

problems, only concerted international action can lead to the formulation of appropriate policies and the proper sharing of corresponding costs and benefits.

19. The following paragraphs explain some of the most fundamental questions which sustainable development raises for economics.

20. Resource depletion. Sustainable development distinguishes between income on the one hand and capital consumption on the other. The latter is not sustainable unless it is compensated by new investment. In this perspective, consuming a non-renewable resource corresponds to capital consumption. Policy-makers can be misled if they treat it as income, which national accounts as currently compiled do. Some governments are already changing their statistical practices to make it easier to monitor the sustainability of development. 7/

21. Collective goods, or common property goods. These are goods or services which, if they are available to one person, are equally available to the community at large. The light provided by a street light is a simple example. Environmental concern has given more prominence to common property resources and has lengthened the list of them. It now includes air and water quality and maybe even the climate. It is a commonplace of economic theory that the normal workings of supply and demand will not yield a correct price for a collective good: consumers have an interest in understating the amount they are willing to pay, because if someone else accepts to pay instead they will still enjoy the full benefits. Nevertheless, price-like signals can be devised through administrative intervention to encourage more sustainable exploitation of these resources. In many cases, the management of common property resources can be improved if ownership rights are recognized where they exist traditionally or indeed if they are created in other appropriate cases. One advantage of this kind of measure is that it gives a specific entity responsibility for managing the resource and an incentive to do so in that it is a source of income for that entity. Ownership rights of this kind can be effective not only when applied to resources located in a specific place, but also to global commons - e.g. through rights to emit pollutants or even carbon dioxide into the atmosphere.

22. Internalizing externalities. The concern for sustainable development can to a large extent be expressed in terms of internalizing externalities. Since externalities are costs or benefits of a transaction which do not accrue to the buyers or the sellers, they are likely to be ignored by the parties to the transaction. Although this may be to the detriment of the community as a whole, it may be in the private interest of the parties to the transaction in so far as they can appropriate benefits from others and impose costs on them.

23. Whereas an economic transaction normally takes place between a limited number of identifiable partners, externalities may affect a large number of people more difficult to identify. If those affected are dispersed and perhaps unaware of what is happening to them, they are more likely to have to carry external costs or forgo external benefits. Externalities often bring into play power relationships; negotiation or official intervention is normally required to rectify externalities. In so far as externalities can be internalized, buyers and sellers are confronted with more accurate price and cost signals, which more fully reflect the social implications of the activity in question. Thus, if a transaction produces social benefits, those

responsible should be able to appropriate a share of them. The environmental externalities which come most easily to mind tend, however, to be costs. Ideally, costs should be borne by those who generate them and those incurring costs should be compensated for the damage suffered.

24. Even if actual compensation is not possible, those who cause the externalities will still make more sensible decisions if the prices they face reflect those externalities. Taxes for negative externalities and subsidies for positive ones are thus justifiable where actual compensation cannot be arranged. In this context, the Polluter-Pays Principle is a convenient tool for bringing actual costs more into line with social opportunity cost. It was adopted by OECD in 1972 as a fundamental principle for allocating costs of pollution prevention and control measures introduced by the public authorities in member countries. 8/ The principle concerns the prevention of pollution above all: it states that the polluter should meet the cost of keeping pollution below some level established by the authorities or of restoring a situation damaged by pollution. In short, it lays down coherent guidelines for internalizing major elements of external costs in the light of political priorities.

25. Risk and uncertainty are essential characterists of life in general and economic life in particular. As the world economy becomes more interlocking, affecting more places and more people at once and capable of modifying the natural environment of the world as a whole, risk and uncertainty are becoming greater and coming to play a growing role in the economy.

26. There is risk when an event occurs often enough for it to be possible to calculate its probability statistically. Within limits, risk can be internalized through insurance. Where insurance is impracticable, there can still be scope for schemes which have analogous economic effects on those who take risks and those who suffer from them. Nevertheless, economic agents still impose risks on third parties even in cases where they could be internalized through insurance or similar schemes.

27. Uncertainty raises a more intractable problem. An event is uncertain if it is so large or so unusual that it is not amenable to statistical treatment. The danger of major catastrophes which are so rare that they are not amenable to such treatment calls none the less for mechanisms which avoid imposing the costs on the victims. Major industrial accidents are increasingly common. Some may have international implications through the finance of transnational corporations and relative costs or prices: Bhopal is an example. Some have direct transboundary consequences: the costs of Chernobyl are falling on a large number of European countries.

28. The foregoing are examples of sudden events, but new products or processes may inflict damage on the environment which may not become apparent for some time. The question of what price to charge for an unknown future environmental degradation is technically insoluble. But simply to ignore the issue is to subsidize environmental damage. As the Bergen Ministerial Declaration on Sustainable Development in the ECE Region said "in order to achieve sustainable development, policies must be based on the precautionary principle... Where there are threats of serious or irreversible damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation". 9/

29. Risk and uncertainty can be special cases of externalities: to the extent that the chance of loss can be imposed on third parties, the buyers and sellers directly involved in the initial transaction are in effect subsidized by them. Risk and uncertainty concern sustainable development in so far as they involve a transfer of contingent loss (or gain) to the poor or to future generations. How to internalize the externalities involved raises problems of institutions, mechanisms and financial capacity for a wide range of risks. Uncertainty raises conceptual problems besides. To ignore these problems is to favour those who take risks (in a broad sense) at the expense of those who have to take the consequences. In the perspective of sustainable development, the widespread problems they raise for economics need to be openly faced.

30. National accounts, particularly as enshrined in the SNA, 10/ have weaknesses as a device for calling macro-economic decision-makers' attention to today's economic problems. As a result, proposals are now being elaborated in the United Nations Statistical Office (UNSO), the World Bank and elsewhere in the United Nations system as well as outside to develop satellite accounts which better serve the concern for sustainable development. Two issues stand out in this process. Firstly, there is a desire to take account of resource depletion as akin to a reduction in capital rather than treating it in the present manner as income. 11/ Secondly, it would be useful to distinguish defensive expenditures - ones which society has to incur in order to counter the negative effects of environmental degradation. Unlike other components of the national product, defensive expenditures do not increase welfare; society would be better off if it were not necessary to incur them. These new concepts are likely to be reflected in satellite accounts to the revised SNA which is due to be published in 1991. Meanwhile, work on designing new indicators is being pursued in the Economic Commission for Europe and in a number of governments. 12/ Since statistical indicators are being revised to give more prominence to concern for sustainable development, the new figures will undoubtedly affect economic negotiations.

31. These and other aspects of the "economics of sustainability" are being explored within the United Nations system. They are likely to feature in the programme of preparatory work for the United Nations Conference on Environment and Development. The analytical capacity of the UNCTAD secretariat could make a useful contribution in certain areas of this work.

III. SUSTAINABLE DEVELOPMENT AND UNCTAD PROGRAMMES

32. The foregoing will already have suggested that sustainable development raises fundamental questions not only for economic policy, but even for economic thinking. The answers will affect the processes of economic growth, international economic relations and development. They will consequently affect all aspects of UNCTAD's work. Meanwhile, certain consequences of sustainable development for UNCTAD's activities can already be seen.

A. Least developed and island developing countries

33. Paragraph 3 of the agreed conclusions in Board decision 370(XXXV) refers explicitly to the least developed countries (LDCs). The Substantial New Programme of Action for the 1980s for the LDCs, adopted by the first United Nations Conference on the Least Developed Countries (UNCLDC) in 1981, gives UNCTAD a broad mandate with respect to the LDCs. Issues of sustainable and environmentally-sound development play a prominent part in it. In the substantive preparation for the second UNCLDC, considerable attention has been given to different manifestations of environmental fragility, vulnerability and degradation as part of the structural handicaps faced by the LDCs. This is reflected in the draft programme of action prepared by the Intergovernmental Group on the LDCs (TD/B/AC.17 Misc.12), although this document shows that consensus on environmental issues was not yet reached at the time it was drawn up (April 1990). The secretariat commissioned a background study by a consultant. 13/ Any relevant results of the UNCLDC will be communicated to the Trade and Development Board in due course in connection with this item.

34. The General Assembly has recognized UNCTAD's role as the focal point for specific action at the global level in favour of island developing countries. 14/ Sustainable and environmentally-sound development sets major challenges for this category of country. The Meeting of Governmental Experts of Island Developing Countries and Donor Countries and Organizations, held in New York on 25-29 June 1990, includes among the studies which UNCTAD could be requested to undertake several with a direct bearing on sustainable development: e.g. "review of appropriate indicators of social and economic progress which take into account not only the level of GNP but also other factors which relate to the high vulnerability of island developing countries; the implications of environmental questions such as global warming, sea-level rise and climate change; the role of migration and others. 15/

B. Commodities

35. Prices and rational resource management. As a result of the concern for sustainable development, a number of questions are being increasingly asked about commodities. Some concern the impact of agricultural commodity prices on sustainable development. It can be argued that low agricultural prices drive growers to increase production in order to maintain their income, even to the point of degrading the resource base on which production depends. The contrary argument is also heard, that high prices can be harmful to sustainable development. With high prices growers can afford to apply more fertilizer and pesticides, which in turn can damage the environment, the livelihood of other social groups who depend on other aspects of the environment - e.g. fishermen - or the health of people who live nearby or

downstream. In some circumstances, it is argued, high prices can encourage the expansion of large agricultural enterprises which drive the poor on to fragile land or into the forest where they damage the environment.

36. Several commodities can be renewable or non-renewable resources according to the way they are exploited. There is again debate about the extent to which high or low prices encourage unsustainable production. It can be argued further that unstable prices, regardless of their average level, can encourage unsustainable production. The relations between commodity prices and sustainable development are complex. Without careful study, policy-makers run the risk of pursuing policies incompatible with their own objectives.

37. With respect to non-renewable resources, the concern for sustainable development raises questions about the proper pace of exhaustion. The issue is central to one of the main defining characteristics of sustainable development, equity between generations. Some people link this question to the rate of interest. It can be argued that this rate reflects time preference, quantifying the extent to which the future is assigned a lower value than the present. For some issues, however, the relevant time horizon extends so far into the future that conventional use of the rate of interest is of limited usefulness. Sustainable development underlines the importance of investing to replace capital consumed. In this spirit, it is becoming more widely accepted that using non-renewable resources should be likened to capital consumption. It should therefore be matched by a flow of new investment. In this perspective, the rate at which non-renewable resources are exploited should be related to the availability of alternative investment opportunities. There are those who argue furthermore that in a world where uncertainty plays a major role, it is important to keep one's options open. This is one of the factors supporting the principle of precaution described in section II above. The considerations in the foregoing paragraphs could argue in favour of either slower or faster exploitation of particular resources in particular circumstances.

38. A more rational exploitation of mineral and other natural resources does not necessarily mean a greater emphasis on recycling of scrap or a slower rate of exploitation. The increasing awareness of the environmental risks involved in dumping used materials has led to the inclusion of a number of products in scrap collection and trade which were dumped indiscriminately earlier. The result has been a rapid acceleration of the quantities recycled. It should be noted, however, that conversion of scrap can be energy-intensive and polluting. Moreover, there is only an incomplete knowledge of the world's mineral resources, particularly in developing countries. Therefore it is difficult to engage in a real debate on rational exploitation of mineral resources. It is also crucial to have as good an idea as possible of the world's foreseeable future needs for these minerals. Resource assessment is an important issue for many developing countries and a programme of resource assessment is required in order, inter alia, to enlarge the range of options for rational resource development.

39. In many cases, sustainable development would argue in favour of incentives which give those who live near the resources in question an economic interest in the sustainable management of the commodity. The commodities concerned may be important in international trade, like tropical timber; important to the livelihood of local communities and also internationally traded, like other forest resources, ivory, certain types of

fish or wildlife; they may be important to the conservation of biodiversity. In any event, they all raise similar questions of resource management and in particular of the appropriate roles of regulatory mechanisms and economic incentives as indicated in section II. The mechanisms most appropriate to each particular commodity need, however, to be worked out and internationally agreed.

40. Conservation of biological diversity. With the rise of biotechnology and the changes in the law to allow living things to be patented, genetic material becomes an economic resource. There is, on the other hand, a current of opinion arguing that biotechnology rests on discovery rather than invention and that it should not give rise to property rights like industrial patents. Within this school of thinking, there are those who argue that UPOV (Union for the Protection of new Varieties of Plants) offers sufficient incentive to innovation in this field. 16/ The issues raised in this debate have far-reaching implications for the development of developing countries and for sustainable development.

41. It is normal for royalties to be paid for the use of resources. It is also possible to envisage the payment of rent for resources to be left untouched. In situ conservation of genetic resources is an essential element of protecting genetic diversity. The range of living things in certain biotopes is so large that it would be impracticable to collect specimens of all of them, and besides they live in a complex interaction with each other which makes it improbable that all could be preserved ex situ. It is therefore economically efficient for those who are concerned for the preservation of genetic diversity or who hope to make a profit in the future from the exploitation of these resources to rent wilderness areas. If the rent is higher than the next most profitable use of the area and if it is paid to those directly concerned, it will presumably be effectively protected.

42. The conservation of biodiversity - which the principle of precaution would also defend - gives value to wilderness left undisturbed in all climatic zones. Research into the valuation of wilderness or of resources unexploited is still at an early stage, but it can have immediate policy implications.

43. A UNEP ad hoc working group of experts on biological diversity is discussing an international legal instrument on the conservation of biological diversity. One input, the draft articles prepared by IUCN for inclusion in a proposed convention on the conservation of biological diversity and for the establishment of a fund for that purpose, 17/ opens the door to the interests of developing countries. Part VII of these draft articles provides for an International Fund for the Conservation of Biological Diversity and Part VIII specifies conservation projects which could be financed by the Fund. Contributions to the Fund would be made in respect of each State Party by any person who within its territory or under its jurisdiction uses in any commercial operation any biomaterial of a kind to be specified in the Convention (Article 26.2.a). Payments by the Fund to recipient States would be applied to the conservation of biological diversity (Article 29.1). The efficiency of the proposal in encouraging the conservation of species is weak in that payments are made to Governments rather than to those who have a direct interest in the conservation of the resource. There are, however, practical difficulties in identifying who the beneficiaries should best be. As negotiations proceed, the targets may become more clearly identified.

C. Trade policy

44. Environmental regulations and industrial location. The fear is often expressed that the increasing stringency of environmental regulations in developed countries may drive polluting activities to developing countries. The public in developed countries is becoming more conscious of pollution in the sense of inconvenience, danger or cost imposed upon the public by particular actors in the economy. It is insisting that those who produce these externalities should internalize them. This is in line with sustainable development. If this insistence encourages firms to move to countries where public opinion is less informed and less influential and where externalities can therefore be more easily imposed on the public at large, this is tantamount to the enterprise receiving a greater subsidy in one country than in another, even if it is paid by the public rather than by the government. On the other hand, different national environmental policies are justified by a variety of factors such as different capacities of the environment in its current state to assimilate pollution. In particular, different social objectives and priorities in different countries are perfectly legitimate. The statement by the UNEP Governing Council on sustainable development, quoted above, stresses that sustainable development "does not imply in any way encroachment upon that national sovereignty". The Polluter-Pays Principle also rests on recognition of this kind of diversity. These differences in geographical realities and in societal choices can be compared to differences in factor endowments: comparative advantage should be allowed to exploit them to the benefit of all concerned.

45. In any event, it is still not clear to what extent environmental considerations are decisive in determining the location of economic activity. In some cases, the costs of ecologically-sound methods of production may not be significantly higher than other methods; in some cases they may have positive economic benefits for the producers using them. In some cases, attitudes may be as important as economic considerations in influencing a company's willingness to use environmentally-sound methods. In so far as this is the case, it would be appropriate to encourage a process leading to internationally agreed views on the subject. If the interests of development are to be effectively defended, further research is required on these questions.

46. Environmental regulations and protectionism. Environmental arguments are often adduced in defence of restrictions to trade. They may be justified in some cases, but in others they may be a pretext for protectionist measures. In this respect a parallel could be drawn with the long-standing debate in the ILO in favour of international labour standards. It can be difficult to distinguish between pretexts and valid cases, but it is nontheless essential. The task is as political as it is technical and it calls for constant vigilance. It is necessary continuously to monitor specific issues and specific mechanisms to ensure that their intention is to serve sustainable development rather than vested interests. The UNCTAD Trade Control Measures Information Service could prove useful in this regard, in that it catalogues measures having a bearing on trade. The design of the data base would need to be perfected so that measures defended on environmental grounds could be more accurately identified. To provide governments with information which would help them to assess the justification for these measures would then be an ongoing task.

47. There are those who argue that protectionism in developed countries in conjunction with developing countries' urgent need for foreign exchange, aggravated by the debt burden, may be increasing the sum total of unsustainability in the world economy. This type of argument may be particularly relevant to agricultural protectionism. There is a growing awareness of the harm protected agriculture is doing to the environment in developed countries through the spread of pollutants, the destruction of biotopes and the inherent unsustainability of producing an output of energy (food) by means of the input of a larger amount of energy from non-renewable sources (which incidentally also contributes to global warming). Furthermore, agricultural output produced in these conditions reduces not only the export prospects of developing countries, but also their domestic market. It may be that the resulting pressures on third world producers drive them in one way or another to unsustainable agricultural practices. Proper study would undoubtedly identify cases where a freer market for commodity exports from developing countries would contribute to the sustainability of the world economy as a whole.

D. Technology

48. The impact of technology. Our Common Future recognizes technology as one of the keys to sustainable development (c.f. the definition above). It argues that the environment's ability to meet present and future needs is confined not by the physical quantity of resources available but by technology and social organization. The limits to growth can therefore be pushed back by human action, provided that technological progress is suitably oriented.

49. Environmental concern in developed countries is encouraging the development of new processes, materials and products which are less damaging to the environment. To some extent, developing countries will absorb these innovations in the normal course of events as they import goods or technology. Whether or not this will increase the sustainability of development in countries is a complicated question which can only be answered case by case.

50. In general, the relations between technology and sustainable development are complex and varied. They can be seen at two levels. First, the application of technology - whether imported or locally generated - affects the environment directly and may have either positive or negative impacts depending on whether it is less harmful (more beneficial) than the technology it replaces. Examples might be the installation of improved filtration equipment in industrial plants (positive) or a switch from the use of inorganic, biodegradable to organic, non-biodegradable pesticides (negative) in agriculture.

51. Secondly, in a more complex but more important way in most developing countries, the application of technology affects the environment indirectly through its impact on economic growth and development. The introduction of a technological innovation contributes dynamically to subsequent technological advance through the experience and knowledge acquired in learning-by-doing. More generally, higher levels of development, by permitting more investment in human capital, help to expand the knowledge base from which more enlightened and environmentally benign technological decisions can be made. The other side of the coin is that technologically-induced greater affluence also permits new investment in technologies that are more productive but harder on the environment (e.g. chain-saws instead of axes).

52. Transfer of technology for sustainable development. However, many have argued like WCED that, in fact, it is underdevelopment that is responsible, directly or indirectly, for much of that part of the harm being done to the global environment that takes place in developing countries, mainly in the form of deforestation and desertification. "Sustainable development clearly requires economic growth in places where [essential] needs are not being met". 18/ Widespread access to modern technology is a prerequisite of this type of growth. Developing countries cannot be expected to be aware of all of the environmental risks associated with new technologies or even with many existing technologies, especially when these are imported from foreign suppliers. Some kind of international consensus may be necessary in order to assure that technology suppliers take adequate responsibility for minimizing such risks and for compensation for the damage from unforeseen environmental costs.

53. The following type of case should be recognized as distinct. Suppose developing countries are using a technology which developed countries consider to have an undesirable impact on the global environment. Developed countries would like a new technology to be adopted, but this technology belongs to them. In this kind of situation, developing countries are more likely to adopt the new technology if it is made available on terms which make the new process cheaper than the existing one. If the developed countries are worried about the effects of certain old technologies on the global environment, it is in their interests to ensure that the new technologies are available more cheaply to third world users. This gives a new and promising twist to the issue of transfer of technology in general, so long debated in UNCTAD.

54. Biotechnology. Biotechnology opens new prospects for technological innovation in the developing countries, but how open they will be depends on the outcome of international negotiations. The International Bureau for Plant Genetic Resources (IBPGR) plays a key role in the collection and conservation of genetic resources. Although most of the world's genetic resources are located in the tropics, and more specifically in the tropical forests, 81 of the 127 collections held by IBPGR are in industrialized countries, while another 29 are held by institutions whose decision procedures are weighted against developing countries. While most third world countries view genetic resources as a common heritage, some developed countries have been arguing in the Uruguay Round that countries which fail to adopt patent laws which allow the privatization of rights in life forms are engaging in unfair trading practice.

55. In so far as the genetic resources of the tropics are becoming a major raw material, the developing countries would be protecting their future, including the future of local sustainable agriculture, by insisting on a share of their exploitation taking place locally, in the course of asserting their ownership rights over them. This is the view of the UNEP Ad hoc Working Group of Experts on Biological Diversity. Among the conclusions adopted at its second session, in preparation for a legal instrument on "biological diversity of the planet" (Geneva, 19-23 February 1990), there was consensus that:

> 5. (a) Those who enjoy most the economic benefits of biological diversity should contribute equitably to its conservation and sustainable management;

12. (a) The full potential of biological diversity can best be realized when genetic resources remain accessible to all users and if technology and information on their use is transferable to all;

12. (c) Free access does not mean free of charge and accessibility should be based on mutual agreement and full respect for the permanent sovereignty of States over their natural resources;

12. (d) Accessibility to biological diversity, including new varieties, and to related technologies, including conservation technologies, are two sides of one and the same coin and must be an integral part of the planned legal instrument;

12. (e) Those having jurisdiction and control over genetic resources should receive preferential treatment for access to their germplasm and varieties developed therefrom; 19/.

E. Finance for sustainable development

56. Debt, structural adjustment and sustainable development. There is a substantial literature on the relations between the debt burden of developing countries, the structural adjustment designed to improve the prospects of debt repayment and sustainable development. 20/ The multilateral development institutions are aware that structural adjustment policies can be designed to be consistent with sustainable development. 21/ Similarly, debt relief will not by itself enhance the sustainability of development, although it can in conjunction with appropriate policies.

57. There are cases where donors have used the debt burden as a lever for environmental conditionality in aid or to facilitate their access to genetic resources. Some debt-for-nature swaps seem to have aspects of this kind. Where they have been negotiated with sensitivity to be consistent with the priorities of the debtor country, however, they have shown themselves to be an imaginative device bringing new actors into play to alleviate debt while meeting sustainable development objectives.

58. In short, the relations between debt and sustainable development are complex and sometimes indirect. They deserve to be carefully observed and analysed if the debt problem is to be lightened in a manner consistent with sustainable development.

59. New mechanisms for "additionality". Developed countries have expressed a willingness to make some - so far limited - financial transfers to developing countries on environmental grounds. Proposals for a broad environment fund are beginning to take shape. In May 1989, the Minister of Foreign Affairs of the USSR, E. Shevardnadze, addressed a letter to the Secretary-General of the United Nations in which he said that "a decision is long overdue on setting up an International Ecological Fund". At the Non-Aligned Summit in September 1989, the then Prime Minister of India, Rajiv Gandhi, called for a Planet Protection Fund under the aegis of the United Nations, to which developing as well as developed countries would contribute a fixed percentage of their GDP (with exemption but full access for the least developed countries). The idea of a fund was examined by a meeting of 17 prospective donor countries and representatives of UNEP and UNDP in Paris in March 1990;

it was taken up in May during the Spring meeting of the joint IMF-World Bank Development Committee. As negotiations proceed in different forums, it will be important to ensure that whatever fund emerges will be of sufficient size, that its resources be assured, levied on a fair basis and genuinely additional to existing ODA, and that all countries are fully represented in its decision-making and operations.

60. A number of specific issues related to sustainable and environmentally sound development also imply flows of finance and technology to developing countries. The control of ozone-depleting substances is one example, financing anti-desertification measures is another. The implications of biotechnology for holders of genetic resources are the subject of a UNEP working group, as has been mentioned. The working group is attending not only to an international legal instrument, but also to financing mechanisms. Other cases will undoubtedly become the subject of international negotiation in the years to come. To avoid economic distortions and to ensure fairness, the negotiations in each particular case should be guided by the same general principles, which still need to be properly elaborated. Negotiations on these subjects are unlikely to succeed unless the South can be certain that its legitimate interests will be given due recognition. Transfer of resources and of technology to developing countries must play a prominent part. The principle of additionality must be respected in each case.

61. The case of climate change. Global climate has become a major issue on the world environmental agenda. It will constitute the main focus of the World Climate Conference in November 1990 and will undoubtedly feature at the United Nations Conference on Environment and Development in 1992. Although certain interested developed countries argue that until the link between the rise in the carbon dioxide content of the atmosphere (which is certain) and climatic change (which involves complex models leading to uncertain results) is better specified, it is premature to take action, the Bergen Ministerial Declaration on Sustainable Development in the ECE Region takes it for granted that greenhouse gases must be limited or reduced. 22/

62. Climate change has extensive resource implications. Climate is itself a major resource; it affects other resources, like water or the productive capacity of soil. In so far as climate changes, economic resources would have to be devoted to adaptation in all parts of the world, and the costs of slowing or preventing climate change need to be assessed in that light. In the developed countries, which are at present the main producers of greenhouse gases and in particular consumers of fossil fuels which constitute the main source of them, energy conservation is undoubtedly going to become an increasingly important feature of technological development. The Bergen Ministerial Declaration recognizes that the ECE region currently accounts for about 70 per cent of global primary energy and fossil fuel use and that it consequently assumes a major responsibility to limit or reduce greenhouse gases and other emissions. The Declaration pledges the Ministers' full support for the early completion of the work on a framework convention on climate change and the development of protocols dealing with, inter alia, greenhouse gases and forestation, with a view to signing not later than at the 1992 Conference on Environment and Development. 23/

63. For developing countries, however, the process of development - and indeed, in many cases, the alleviation of local environmental degradation - hinges on rapid industrialization. With technology given, however, rapid industrialization means acceleration in the use of fossil fuels and thus in the rate at which carbon dioxide is emitted into the atmosphere. The basic conundrum then is clear: how to put in place the measures required to check global warming while ensuring that global environmental concerns do not become yet another impediment to development. Both fairness and efficiency would argue that such measures would need to be accompanied by large flows of both finance and technology to developing countries. One method to achieve this end could be to devise a tradeable permit plan under which countries would be allocated stated shares of a permissible world-wide ceiling on carbon emissions. Developing countries would be assigned shares over and above their needs and could trade their excess permits to industrialized countries needing more than their assigned share. This would generate an inflow of resources to the Third World. 24/

F. General implications for UNCTAD

64. This report has tried to show that many of the essential challenges which sustainable development presents to the international economic order call for international discussion and negotiation. It has also offered a glimpse of how diverse the cases are. In an UNCTAD perspective, the basic aim is to ensure an economic stake in sustainable development for developing countries. In particular, the principles according to which externalities are internalized and rights and responsibilities assigned for the protection and management of common property resources need to be internationally agreed. In areas where it would be difficult to agree on general rules or to enforce them it would be desirable nevertheless to build up a body of "soft law", i.e. a climate of opinion on what counts as proper behaviour. This is in line with UNCTAD's role as a pioneer of "soft law" - of international development law. 25/ Any conceptual and analytical work of the kind just mentioned must rapidly find its justification in application to particular issues for multilateral negotiation. UNCTAD research should therefore largely concern the consistent application of the basic principles of sustainable development across a range of specific negotiable issues related to trade and development.

65. Work on such issues will often have a technical or scientific side which falls outside UNCTAD's area of competence. It would therefore be desirable for UNCTAD to co-sponsor activities with other agencies of the United Nations system. In other cases, while UNCTAD need not be so intensely involved, it could nevertheless provide an input within its own competence to negotiations undertaken under the auspices of another agency.

66. The UNCTAD secretariat is collaborating closely with the secretariat of the United Nations Conference on Environment and Development in its preparation for the 1992 Conference. Opportunities for work on sustainable development may flow from this collaboration, just as they are likely to do from the 1992 Conference itself. Any relevant decisions in this connection by the Preparatory Committee for UNCED at its first substantive session (Nairobi, 6-31 August 1990) will be brought to the attention of the Board.

67. Individual developing countries or groups of them will increasingly be called upon to reach agreement with other countries on matters arising from environmental concerns but which have implications for trade and development. UNCTAD, while pursuing its mandate in the context of the growing concern for sustainable development, will acquire expertise in this area. The UNCTAD secretariat has not so far received requests for technical assistance springing specifically from a concern for sustainable development. In the light of the Board's decision on this agenda item, the secretariat will be better able to determine its focus on sustainable development. This will in turn enable it to determine the areas in which it will be best able to build up the capacity to offer technical assistance.

Notes

1/ World Commission on Environment and Development, Our Common Future, Oxford University Press, 1987. The Commission, established by the United Nations in 1983 as an independent body, and its report are often known by the name of its chairperson, Ms. Gro Harlem Brundtland.

2/ General Assembly resolution 42/187, para. 2.

3/ UNEP Governing Council Decision 15/2, Annex II. Statements made on the adoption of this text, particularly with respect to the last sentence, are contained in the report of the Governing Council on the work of its fifteenth session, UNEP/GC.15/12, paras. 54-60.

4/ The full text of Board decision 370 (XXXV) is attached as Annex I.

5/ See Sustainable development, framework for discussion of selected issues, Note by the ECE Secretariat, EC.AD/R.48, 13 March 1990; Environment and Economics, E C.AD/R.49, 30 January 1990.

6/ For more details on the role of economic instruments in integrating environmental and economic concerns see Environment and Economics (EC.AD/R.49), report by the joint task force of senior advisers to ECE Governments on environmental and water problems and senior economic advisers to ECE Governments, as amended at an ad hoc meeting, EC.AD/R.49, 30 January 1990.

7/ See Environment and Economics, op.cit.

8/ See OECD, The Polluter Pays Principle: definition, analysis, implementation, Paris 1975.

9/ Paragraph 7 of the Ministerial Declaration issued at the end of the Regional Conference on the follow up to the report of the World Commission on Environment and Development in the ECE region, Bergen, 16 May 1990. The principle of precaution is more fully described in the Report of the Workshop on Sustainable Industrial Activities, Warsaw, 22-24 November 1989, in preparation for the 1990 Bergen Conference (paras. 33-34). That report declares that "the principle of precaution ... has to be strongly promoted as a prerequisite for technological change".

10/ A system of national accounts, United Nations, New York, 1968 (ST/STAT/SER.F/2/Rev.3).

11/ See e.g. World Resources 1990-91, A report by the World Resources Institute in collaboration with UNEP and UNDP, Oxford University Press 1990, chapter 14.

12/ See Environment and Economics (EC.AD/R.49), op.cit.

13/ Yusuf Ahmad, whose report is entitled Environmental Problems in the LDCs: Proposal for action.

14/ General Assembly resolution 43/189, para. 9.

15/ Report of the meeting of governmental experts of island developing countries and donor countries and organizations, TD/B/AC.46/4, 29 June 1990.

16/ Various proposals for protecting innovation in biotechnology are compared in Farmers' rights - the informal innovation system at GATT (TRIPS) and in intellectual property negotiations in the context of new biotechnologies, RAFI Communiqué, May/June 1989.

17/ Draft 6 (final), June 1989, World Conservation Union (IUCN), Gland.

18/ Our Common Future, p.44.

19/ Principle conclusions of the Ad hoc working group at its second session in preparation for a legal instrument on biological diversity of the planet, UNEP/Bio.Div.2/4, 9 May 1990.

20/ See e.g. Cornia, G.A., R. Jolly and F. Stewart, Adjustment with a human face, 1987, published under the auspices of UNICEF by the Clarendon Press, Oxford and New York.

21/ See e.g. UNDP Human Development Report 1990.

22/ Part 3 (Sustainable Energy Use) of the Ministerial Declaration issued at the end of the Regional Conference on the follow-up to the Report of the World Commission on Environment and Development in the ECE Region, Bergen, Norway, 8-16 May 1990.

23/ Bergen Ministerial Declaration, op. cit, para. 14.

24/ The Secretary-General of UNCTAD, Mr. K. K. S. Dadzie, called in his statement to the Bergen Conference for exploration and negotiation of a scheme along these lines.

25/ See Paul Berthoud, "UNCTAD and the emergence of international development law", in UNCTAD and the South-North Dialogue, Pergamon Press, 1984.

Annex I

TDB decision 370(XXXV)

UNCTAD's contribution, within its mandate, to sustainable development in accordance with General Assembly resolution 42/187 and to the follow-up of General Assembly resolution 42/186 and ECOSOC resolution 1988/69

The Trade and Development Board,

1. Decides to transmit to the General Assembly at its forty-fourth session, through the Economic and Social Council, in response to paragraph 18 of General Assembly resolution 42/187, the annexed agreed conclusions, together with the relevant section of its report on the second part of its thirty-fifth session;

2. Requests the Secretary-General of UNCTAD to convey them also to the Executive Director of the United Nations Environment Programme, for submission to the Governing Council of UNEP at its next regular session.

751st meeting
22 March 1989

ANNEX

Agreed conclusions

1. Requests the Secretary-General of UNCTAD to make an analysis for the first part of the thirty-seventh session of the Trade and Development Board, on the interface between sustainable development and the main lines of UNCTAD activities within its mandate;

2. Agrees to consider, in the light of the analysis referred to above, such follow-up action by the Board as may be required on the relevant provisions of General Assembly resolutions 42/186, 42/187 and ECOSOC resolution 1988/69;

3. Also requests the Secretary-General of UNCTAD, in his preparations for the Second United Nations Conference on the Least Developed Countries in 1990, to give appropriate attention to sustainable development;

4. Further requests the Secretary-General of UNCTAD to develop proposals for technical assistance, in co-operation with the United Nations Development Programme (UNDP) and other relevant agencies, for financing by donors, and invites them to provide additional financing for this purpose;

5. Underlines that all activities referred to above should be carried out within the mandates and programmes of the organization and its subsidiary bodies, and that the general direction and priorities as set down by intergovernmental bodies in UNCTAD should be maintained.

UNITED
NATIONS

TD

United Nations Conference
on Trade and Development

Distr.
GENERAL

TD/B/1268
15 August 1990

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Thirty-seventh session
First part
Geneva, 1 October 1990
Item 8(c) of the provisional agenda

OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

Export promotion: Report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-third session

Note by the UNCTAD secretariat

1. The report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-third session (23 to 27 April 1990) is contained in ITC/AG(XXIII)/122 and Add.1.

2. Attention is drawn to the recommendations made by the Joint Advisory Group (paragraphs 51, 69, 73, 82, 88, 96, 101 and 105 of the report), following its consideration of the various sub-programmes comprising ITC's technical co-operation activities in 1989.

GE.90- 52105

SURVEY OF THE QUALITY AND USEFULNESS OF UNCTAD PUBLICATIONS AND OF THEIR END-USERS

The UNCTAD secretariat, in the context of its programme evaluation activities and in response to intergovernmental requests, is seeking the opinions of end-users in order to have basic data for assessing the quality, usefulness and effectiveness of *inter alia* its research reports and publications. As the success of such an exercise is critically dependent on an adequate rate of response we should appreciate it if you would take time to answer the questions below and submit any other comments that you may have concerning the current document.

1. **Title or symbol number of document** . . . . . .

2. **When did you receive the document?** . . . . . .

3. **How did you receive the document?** *(tick one or more boxes)*

Through Permanent Mission to United Nations	( )	From UN bookshop	( )
From ministry or government office	( )	From university libraries	( )
Directly from UNCTAD secretariat	( )	Own request	( )
By participating in an UN/UNCTAD intergovernmental meeting	( )	UNCTAD initiative	( )
		Other (please specify)	. . . . .
By participating in an UN/UNCTAD sponsored training course or seminar	( )	. . . . .	
		. . . . .	

4. **For what main purposes do you use the document?** *(tick one or more boxes)*

Policy formulation	( )	Education and training	( )
Analysis and research	( )	Management	( )
Legislation	( )	Other (please specify)	. . . . .
Background information	( )	. . . . .	

5. **How do you rate the document as regards:**

Its usefulness to your work *(tick one box)*

Extremely useful ( ); Very useful ( ); Useful ( ); Marginally useful ( ); Not at all ( ).

Its quality, in terms of the following aspects *(tick one box in each case)*:

	Outstanding	*Excellent*	*Good*	*Adequate*	*Poor*
Presentation and readability	( )	( )	( )	( )	( )
Originality of ideas	( )	( )	( )	( )	( )
Wealth of information	( )	( )	( )	( )	( )
Up-to-date information	( )	( )	( )	( )	( )
Technical accuracy	( )	( )	( )	( )	( )
Quality of analysis, including objectivity	( )	( )	( )	( )	( )
Validity of conclusions	( )	( )	( )	( )	( )
Clarity of recommendations	( )	( )	( )	( )	( )
Comprehensiveness of coverage	( )	( )	( )	( )	( )

6. **Other observations** *(if any)* . . . . . .

. . . . . .

. . . . . .

. . . . . .

Finally, we would appreciate it if you could provide the following information about yourself:

Name . . . . . .Occupation/Functional title . . . . . .

Address . . . . . .

Your answers are for internal use and will be kept confidential. Thank you for your co-operation.

Please forward the questionnaire to : PROGRAMME CO-ORDINATION AND EVALUATION UNIT
EXECUTIVE DIRECTION AND MANAGEMENT
UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
PALAIS DES NATIONS – CH-1211 GENEVA 10

UNITED
NATIONS

TD

United Nations Conference on Trade and Development

Distr.
GENERAL

TD/B/1269
1 August 1990

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Thirty-seventh session
First part
Geneva, 1 October 1990
Item 8(d) of the provisional agenda

OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

Progressive development of the law of international trade: Twenty-third annual report of the United Nations Commission on International Trade Law

Note by the UNCTAD secretariat

Attention is drawn to the report of the United Nations Commission on International Trade Law on the work of its twenty-third session, held in New York from 25 June to 6 July 1990 (A/45/17). As provided in section II, paragraph 10, of General Assembly resolution 2205 (XXI), the report is being submitted to the Trade and Development Board for comments or recommendations.

Copies of the report will be made available, in each language version received, to participants in the meeting, in limited quantities.

GE.90- 51924

UNITED
NATIONS

TD

United Nations Conference
on Trade and Development

Distr.
GENERAL

TD/B/1270
28 September 1990

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Thirty-seventh session
First part
Geneva, 1 October 1990
Item 3 of the provisional agenda

INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM

Note by the UNCTAD secretariat

1. In the context of the arrangements for strengthening the Board's review of interdependence (TD/B/1190), of which the Board took note at its 737th meeting on 23 September 1988, it was suggested that improved linkages be established between the Board discussions and those of other relevant intergovernmental bodies, including the International Monetary Fund and the World Bank. In this connection, arrangements have been made for the Press Communiqués */ of the Interim and Development Committees on their recent meetings to be available to the Board at the first part of its thirty-seventh session.

2. In addition, the statement made by the Director-General of GATT to the Development Committee is also being made available.

---

*/ Available in the meeting room in limited quantities.